

Ordinance No. 121797

Council Bill No. 115205

AN ORDINANCE relating to the admission tax; providing for an exemption from the admission tax for the Fremont Fair and organized youth athletic competitions; eliminating the admission tax on secondary market sales of admission tickets; providing for college, universities and nonprofit organizations to request non-taxable donations or contributions in lieu of an admission charge for certain events; revising, for technical purposes only, the language of the exemption of those portions of membership dues and initiation fees paid solely to join or to continue membership in an organization or club; repealing Sections 5.40.027 and 5.40.040 and amending Sections 5.40.010, 5.40.020, 5.40.025 and 5.40.060 of the Seattle Municipal Code.

CF No. _____

Date Introduced: MAR 21 2005		
Date 1st Referred: MAR 21 2005	To: (committee) Finance & Budget	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: 5-9-05	Full Council Vote: 7-0	
Date Presented to Mayor: 5-10-05	Date Approved: 5/18/05	
Date Returned to City Clerk: 5/20/05	Date Published: 9 pp.	T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Vetoes by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: _____

Committee Action

5/4/05 Pass RM

5-9-05 Passed 7-0 (Excused)

This file is complete and ready for presentation to Full Council.

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

1mc
The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: _____

Councilmember

Committee Action:

5/4/05 Pass RM, LC, AL

5-9-05 Passed 7-0 (Excused: Della, Steinknecht)

This file is complete and ready for presentation to Full Council.

Committee: _____

(Initial/Date)

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

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IT IS DUE TO THE QUALITY OF THE DOCUMENT.

ORDINANCE 121797

AN ORDINANCE relating to the admission tax; providing for an exemption from the admission tax for the Fremont Fair and organized youth athletic competitions; eliminating the admission tax on secondary market sales of admission tickets; providing for college, universities and nonprofit organizations to request non-taxable donations or contributions in lieu of an admission charge for certain events; revising, for technical purposes only, the language of the exemption of those portions of membership dues and initiation fees paid solely to join or to continue membership in an organization or club; repealing Sections 5.40.027 and 5.40.040 and amending Sections 5.40.010, 5.40.020, 5.40.025 and 5.40.060 of the Seattle Municipal Code.

WHEREAS, the City recognizes that the Fremont Fair is an important community event and exempting it from admission tax requirements will contribute to its future success; and

WHEREAS, the City desires to encourage youth athletic competitions and make them more economically self sufficient; and

WHEREAS, it is not practical for the City of Seattle to collect admission tax that might be due on the secondary market sales of admission tickets, and it is not in the public interest to continue to attempt to do so; and

WHEREAS, the City recognizes the need for colleges, universities and non-profit organizations to request donations or contributions as an alternative to mandatory admission charges or fees; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.40.010 of the Seattle Municipal Code is hereby amended as follows:

5.40.010 Definitions.

For the purposes of this chapter, the words and terms contained in SMC Chapter 5.30 shall apply throughout this chapter unless expressly provided otherwise herein. The following additional definitions shall apply throughout this chapter:

A. "Admission charge" means the price required or paid for entering a premise or location and includes but is not limited in meaning to:

1. A charge made for season tickets or subscriptions;



- 1 2. A cover charge or a charge made for use of seats or tables, reserved or
- 2 otherwise, and similar accommodations;
- 3 3. A charge made for food or refreshments in any place where any free
- 4 entertainment, recreation or amusement is provided;
- 5 4. A charge made for rental or use of equipment or facilities for purposes of
- 6 recreation or amusement and, where the rental of the equipment or facilities is
- 7 necessary to the enjoyment of the privilege for which a general admission is
- 8 charged, the combined charge shall be considered as the admission charge;
- 9 5. A charge made for entrance ((admission)) to any theater, dance hall,
- 10 amphitheater, private club, auditorium, observation tower, stadium, athletic
- 11 pavilion or field, baseball or athletic park, circus, side show, ((swimming pool,))
- 12 outdoor amusement park or any similar place; and includes equipment to which
- 13 persons are admitted for purposes of recreation such as merry-go-rounds, ferris
- 14 wheels, dodgems, roller coasters, go-carts and other rides whether such rides are
- 15 restricted to tracks or not;
- 16 6. A charge made for automobile parking where the amount of the charge is
- 17 determined according to the number of passengers in an automobile((-));
- 18 7. A charge made for entrance to any building, enclosure or area in which there is
- 19 a swimming pool, skating rink, golf driving range, miniature golf course, short
- 20 nine, or other golf course, or to gain entrance to such pool, rink or course itself, or
- 21 for the use of the facilities thereof, or any rental paid by the person paying for
- 22 such entry for the use of equipment and facilities supplied him and appropriate to
- 23 the enjoyment of the privilege for which the admission is charged, or the
- 24 aggregate thereof.



1 B. "Cabaret" means a room where musical entertainment is permitted in connection with
2 a restaurant business.

3 C. "College" or "university" means any accredited public or private college, junior
4 college or university, or the recognized student body association thereof insofar as the admission
5 charges received by the college, university, or student body association are budgeted, and applied
6 solely for exhibition, performance, study and/or teaching of the performing arts, visual arts,
7 history or science. It specifically excludes any athletic department or division or activities of the
8 college or university or of the recognized student body association thereof.

9 D. "Department" means the Department of Executive Administration of The City of
10 Seattle, or its functional successor.

11 E. "Director" means the Director of Executive Administration of The City of Seattle, or
12 his or her functional successor, and shall include the Director's authorized representatives.

13 F. "Market Price" means the price at which a seller is ready and willing to sell and a
14 buyer is ready and willing to buy. Market price is a price that is acceptable to both buyer and
15 seller and which might be different from the listed price.

16 ((D))G. "Nonprofit organization" means an organization in which no part of the income
17 can be distributed to its members, director or officers and that holds a current tax exempt status
18 as provided under Sec. 501(c)(3), (4) or (6) of the Internal Revenue Code of 1986, as amended,
19 or is specifically exempted from the requirement to apply for tax exempt status under Sec.
20 501(c)(3).

21 ~~((E. "Department" means the Department of Executive Administration of The City of~~
22 ~~Seattle, or its functional successor.))~~

23 ~~((F. "Director" means the Director of Executive Administration of The City of Seattle, or~~
24 ~~his or her functional successor, and shall include the Director's authorized representatives.))~~

Section 2. Section 5.40.020 of the Seattle Municipal Code is hereby amended as follows:

5.40.020 Tax levied.

J. It is unlawful for any person to request a donation or contribution that effectively represents an admission charge at any event unless the event is held by an exempt organization pursuant to SMC 5.40.025. Donations or contributions requested by such organizations that would otherwise be subject to the admission tax pursuant to SMC 5.40.025 A10c (over 3100 seating capacity or attendance) or SMC 5.40.025 B (athletic or recreational activity) are not subject to the tax; provided, that people are admitted or allowed to remain in attendance without payment of such donation or contribution and the signage, invitation, advertisement, notice or other literature related to the event contains a statement, conspicuously posted, that such donation or contribution is not required for the privilege of entering, attending, or remaining in attendance at the event.

K. The amount subject to admission tax shall exclude dues, and initiation fees paid by a member for the privilege of joining or belonging to an organization. For purposes of this subsection, "dues" are those amounts periodically paid by members solely for the entitlement of those persons to continued membership in the organization or club, and "initiation fees" are amounts paid solely to admit a person as a member to an organization or club and represent the value of membership in the organization or club. However, where dues or initiation fees cover costs for services received by the members and no separate charge (including but not limited to green fees, entertainment costs such as cover charges, facility or equipment rentals, or charges for food and beverages) is imposed for such services, admission taxes will be assessed on the portion of dues or initiation fees that represent the value of those services. In determining the value subject to tax, comparable charges will be used.



Section 3. Section 5.40.025 of the Seattle Municipal Code is hereby amended as follows:

**5.40.025 Tax exemptions--Minimum charge--Specific exemptions--Colleges--
Universities--Nonprofit organizations.**

A. The admission tax as imposed in SMC Section 5.40.020 shall not apply to anyone paying an admission charge:

1. In the amount of One Dollar and Fifty Cents (\$1.50) or less; or
2. To any activity of any elementary or secondary school as contemplated by RCW 35.21.280; or
3. To any activity of any Parent-Teacher-Student Association (PTSA), Parent-Teacher Association (PTA), or similar organization, provided that the proceeds of the activity are used to benefit an elementary or secondary school; or
4. To the annual Bumbershoot Festival held on Labor Day and the preceding Thursday, Friday, Saturday and Sunday; or
5. To the Woodland Park Zoo; or
6. To the Folklife Festival held on Memorial Day and the preceding Thursday, Friday, Saturday and Sunday((-)); or
7. To the Fremont Fair held annually by the Fremont Public Association; or
8. To an organized athletic event such as tournaments, leagues, and other competitions intended for youth less than 19 years of age, sponsored and held by non-profit organizations; or
9. To actively participate in bowling or to rent bowling shoes or equipment; or
10. To an event sponsored by a college or university or nonprofit organization, when all of the following three (3) criteria are met:
 - a. A college or university or nonprofit organization, as both are defined in Section 5.40.010 and registered under Section 5.40.080, that meets one (1) or more of the following criteria:



- i. Publicly sponsors and through its members, representatives, or personnel promotes, publicizes and distributes most of the tickets for admission; or
- ii. Publicly sponsors and presents the event at a facility it owns or leases as lessee for a term of not less than one (1) month; or
- iii. Publicly sponsors and:
 - (a). Performs a major portion of the performance, or
 - (b). Supplies a major portion of the materials on exhibition, or
 - (c). When the event is part of a season or series of performances or exhibitions, performs the major portion of the performances or exhibitions in the season or series; and
- b. The college, university or nonprofit organization receives the use and benefit of admission charges collected; and
- c. In the case of a performance, the seating capacity of the location where the event occurs is three thousand one hundred (3,100) people or less, or, in the case of an exhibition, no more than three thousand one hundred (3,100) people are permitted on the premises at any one (1) time.

B. Except as provided in subsections A2, A8, and A9 above, t((F))he exemption to the admission tax as provided in subsection ((A(7))) A10 of this section shall not apply to:

1. The admission of spectators to an athletic event, including, but not limited to, football games, basketball games, or baseball games; or
2. The admission for recreational activities, including, but not limited to, golf, skating, or swimming; ((picnicking)) or
3. An event in which a college, university or nonprofit organization lends its

1 name to an endorsement for an ineligible person for the purpose of invoking the
2 tax exemption.

3 **Section 4.** Section 5.40.027 of the Seattle Municipal Code is hereby repealed and its
4 substantive provision incorporated into SMC 5.40.025 A9.

5 **Section 5.** Section 5.40.040 of the Seattle Municipal Code is hereby repealed and its
6 substantive provisions are incorporated into SMC 5.40.010 A7 (See Section 1) and SMC
7 5.40.020 K (See Section 2).

8 **Section 6.** Section 5.40.060 of the Seattle Municipal Code is hereby amended as follows:

9 **5.40.060 Ticket (~~((numbering and information))~~) information and unlawful acts.**

10 **~~((A. Ticket information.))~~**

11 **~~((1))~~A.** Whenever a charge is made for admission to any place, a serially numbered or
12 reserve seat ticket shall be furnished to the person paying such charge unless written approval has
13 been obtained from the Director to use: (1) a turnstile or other counting device which will
14 accurately count the number of paid admissions, or (2) any method established by administrative
15 rule that determines the number of paid admissions for the purposes of this chapter. The
16 established price, service charge, sales tax, City admission tax and total price at which every
17 ~~((such))~~ admission ticket ~~((or card))~~ is sold shall be separately, conspicuously and indelibly
18 printed or written on the face or back of that part of the ticket which is to be collected by the
19 management of the place to which admission is gained.

20 **~~((2))~~B.** It shall be unlawful for a promoter, sponsor, venue, or anyone contractually
21 related to a promoter, sponsor or venue, to sell an admission ticket or card on which the name of
22 the person conducting the event and the price is not so printed, stamped or written, or to sell or
23 offer to sell an admission ticket or card at a price in excess of the price printed, stamped or
24 written thereon. Ticket sales that occur through a subsequent sale(s) of the ticket(s) by the initial
25 purchaser who purchased the ticket(s) from the promoter, sponsor or venue, or any subsequent

1 sale of such ticket(s), may be made at market price. No admission tax will be assessed by the
2 City on the price of an admission ticket in a secondary market transaction, conducted by the
3 initial purchaser or a subsequent purchaser thereof. However, vendors, and other persons
4 regularly engaged in the business of reselling tickets or admissions into events must obtain a
5 business license to do so pursuant to SMC 5.55.030.

6 For transactions between the promoter, sponsor, or venue and the original purchaser or
7 customer, ((F))the admission tax due shall be based on the total sum of the established price plus
8 any service charge printed on the ticket. When a charge is made for admission, a sign must be
9 posted in a conspicuous place on the entrance or ticket office which breaks down the admission
10 charge as follows:

11 Established Price

12 Service Charge (if any)

13 Sales Tax

14 City Admission Tax

15 Total Price

16 ~~((It is unlawful to charge a service charge on admission tickets unless the purchaser is fully~~
17 ~~informed of the purpose of such charge by published or posted notice in advance of the ticket~~
18 ~~sale.))~~

19 ~~((3))C.~~ The Director or his/her designee, who has been commissioned as a Special Police
20 Officer, or the Seattle Police Chief or his/her designee, is authorized to confiscate, seize or
21 otherwise remove from sale, or offered sale, any ticket in violation of or offered for sale or sold
22 in violation of this subsection.

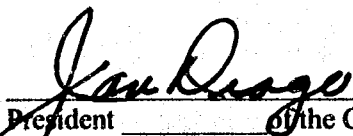
23 ~~((B. It is unlawful for any person to request a donation or contribution that represents an~~
24 ~~admission charge or fee for the privilege of entering, attending, or remaining in attendance at any~~
25 ~~theater, dance, amusement or other place of public performance where persons are not admitted~~
26



~~or allowed to remain in attendance without payment of such donation or contribution. Signage, advertising, invitations, notices and other literature relating to the event may only state the words "donation accepted" or "donation appreciated." The amount of a "donation" shall not be stated on an invitation, signage, advertising, or other literature. Any donation amount suggested or requested used in conjunction with the event will be treated as an admission charge subject to tax under this chapter.))~~

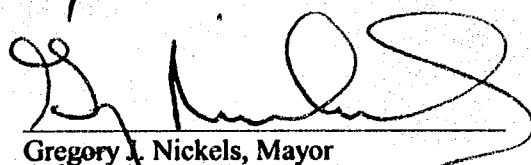
Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 9th day of May, 2005, and signed by me in open session in authentication of its passage this 9th day of May, 2005.



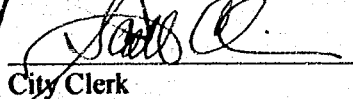
President of the City Council

Approved by me this 18th day of May, 2005.



Gregory J. Nickels, Mayor

Filed by me this 20th day of May, 2005.



City Clerk

(Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Executive Administration	Mel McDonald/3-0071	Eve Sternberg/6-1119

Legislation Title:

AN ORDINANCE relating to the admission tax; providing for an exemption from the admission tax for the Fremont Fair and organized youth athletic competitions; eliminating the admission tax on secondary market sales of admission tickets; providing for college, universities and nonprofit organizations to request non-taxable donations or contributions in lieu of an admission charge for certain events; revising, for technical purposes only, the language of the exemption of those portions of membership dues and initiation fees paid solely to join or to continue membership in an organization or club; repealing Sections 5.40.027 and 5.40.040 and amending Sections 5.40.010, 5.40.020, 5.40.025 and 5.40.060 of the Seattle Municipal Code.

• **Summary of the Legislation:**

The proposed legislation would amend Chapter 5.40 of the Seattle Municipal Code, which regulates the administration and imposition of admission taxes on certain events within Seattle. The proposed revisions add the Fremont Street Fair to the current list of annual events that are specifically exempted from admission tax regulation. An admission tax exemption is added for certain organized athletic events for youths under the age of 19. The proposed legislation also amends SMC 5.40.020 to clarify the requirements by which colleges, universities, and non-profit organizations may request non-taxable donations or contributions in lieu of an admission charge for certain events, and clarifies the exemption for membership dues and initiation fees. Finally, proposed revisions to SMC 5.40.060 would eliminate the application of the admission tax when individuals re-sell admission tickets for more than face value.

• **Background:**

The City of Seattle collects admission tax on ticket sales for certain activities and events. The proposed legislation clarifies exemptions from admission tax that are consistent with, but not explicitly provided for, in current Code provisions. Although not explicitly named, certain organizations and activities, such as the Fremont Street Fair, are not currently subject to paying admission tax. There are, therefore, no revenue implications resulting from the explicit exemptions provided for by this ordinance at this time.

Mel McDonald
February 22, 2005
Admission Tax Exemption Ordinance
Version #3

The proposed legislation also specifies the conditions under which exempt organizations may request donations in lieu of an admission charge, and the conditions under which membership and initiation dues are subject to admission tax. These revisions do not constitute a substantive change to current policy.

Finally, the legislation effectively allows the secondary sale of tickets at prices above face value. The attached Bill revises SMC 5.40.060 to eliminate the application of the admission tax on the incremental markup when individuals re-sell admission tickets for more than their face value. The City does not currently collect admission tax on secondary ticket sales so there is no revenue loss resulting from these revisions. Future potential revenue associated with secondary ticket sale regulations is negligible, particularly when the cost of enforcement and prosecution is taken into consideration.

X This legislation does not have financial implications.





City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

March 8, 2005

Honorable Jan Drago
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Drago:

The attached proposed Council Bill amends Chapter 5.40 of the Seattle Municipal Code (SMC), which provides for certain exemptions to the City of Seattle's admission tax provisions. The proposed legislation adds the Fremont Fair to the current list of annual events specifically exempted from admission tax requirements, and exempts certain organized athletic events for youths under the age of 19. In addition, the legislation amends SMC 5.40.020 to clarify the requirements by which colleges, universities, and non-profit organizations may request non-taxable donations or contributions in lieu of an admission charge, and specify the conditions under which membership and initiation dues are subject to admission tax. These revisions do not constitute substantive change to current policy.

Finally, the legislation effectively allows the secondary sale of tickets at prices above face value. The attached Bill revises SMC 5.40.060 to eliminate the application of the admission tax when admission tickets are resold for more than their face value. Businesses and individuals that regularly engage in reselling tickets or admissions into events will still be required to obtain a business license in accordance with Seattle Municipal Code section 5.55.030. As the City does not currently collect admission tax on secondary ticket sales, there is no revenue loss resulting from these revisions. Future potential revenue associated with secondary ticket sale regulations is negligible, particularly when the cost of enforcement and prosecution is taken into consideration.

Thank you for your consideration of this legislation. Should you have any questions in this regard, please contact Ken Nakatsu, Director of Executive Administration, at 684-0505, or Mel McDonald, Director of the Revenue and Consumer Affairs Division, at 233-0071.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Nickels", written over a horizontal line.

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E-mail: mayors.office@seattle.gov

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



STATE OF WASHINGTON - KING COUNTY

--SS.

186063
CITY OF SEATTLE, CLERKS OFFICE

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

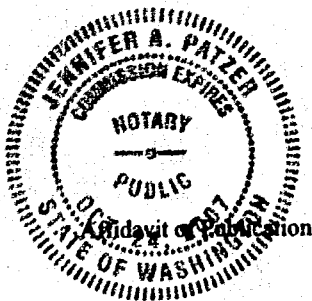
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121797 ORDINANCE

was published on

05/25/05

The amount of the fee charged for the foregoing publication is the sum of \$ 510.13, which amount has been paid in full.



Handwritten signature

Subscribed and sworn to before me on

05/25/05

Handwritten signature of Jennifer A. Patzer

Notary public for the State of Washington,
residing in Seattle

City of Seattle

ORDINANCE 121797

AN ORDINANCE relating to the admission tax; providing for an exemption from the admission tax for the Fremont Fair and organized youth athletic competitions; estimating the admission tax on secondary market sales of admission tickets; providing for college, universities and nonprofit organizations to request non-taxable donations or contributions in lieu of an admission charge for certain events; revising, for technical purposes only, the language of the exemption of those portions of membership dues and initiation fees paid solely to join or to continue membership in an organization or club; repealing Sections 5.40.027 and 5.40.040 and amending Sections 5.40.010, 5.40.020, 5.40.025 and 5.40.090 of the Seattle Municipal Code.

WHEREAS, the City recognizes that the Fremont Fair is an important community event and exempting it from admission tax requirements will contribute to its future success; and

WHEREAS, the City desires to encourage youth athletic competitions and make them more economically self-sufficient; and

WHEREAS, it is not practical for the City of Seattle to collect admission tax that might be due on the secondary market sales of admission tickets, and it is not in the public interest to continue to attempt to do so; and

WHEREAS, the City recognizes the need for colleges, universities and non-profit organizations to request donations or contributions as an alternative to mandatory admission charge or fee; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.40.010 of the Seattle Municipal Code is hereby amended as follows:

5.40.010 Definitions.

For the purposes of this chapter, the words and terms contained in BMC Chapter 5.40 shall apply throughout this chapter unless expressly provided otherwise herein. The following additional definitions shall apply throughout this chapter:

A. "Admission charge" means the price required or paid for entering a premises or location and includes but is not limited in meaning to:

1. A charge made for season tickets or subscriptions;

2. A cover charge or a charge made for use of seats or tables, reserved or otherwise, and similar accommodations;

3. A charge made for food or refreshments in any place where any free entertainment, recreation or amusement is provided;

4. A charge made for rental or use of equipment or facilities for purposes of recreation or amusement and, where the rental of the equipment or facilities is necessary to the enjoyment of the privilege for which a general admission is charged, the combined charge shall be considered as the admission charge;

5. A charge made for entrance (admission) to any theater, dance hall, amphitheater, private club, auditorium, observation tower, stadium, athletic pavilion or field, baseball or athletic park, arena, rodeo, show, swimming pool, outdoor amusement park or any similar place, and includes equipment to which persons are admitted for purposes of recreation such as merry-go-rounds, ferris wheels, doghouses, roller coasters, go-carts and other rides whether such rides are restricted to trucks or not;

6. A charge made for automobile parking where the amount of the charge is determined according to the number of passengers in an automobile(s);

7. A charge made for entrance to any building, enclosure or area in which there is a swimming pool, aquatic tank, golf driving range, miniature golf course, sports rink, or other amusement, or to any restaurant, bar, pool, tank or course itself, or for the use of the facilities thereof, or any rental paid by the person paying for such entry for the use of equipment and facilities supplied him and appropriate to the enjoyment of the privilege for which the admission is charged, or its extended lot(s);

B. "Cabaret" means a room where musical entertainment is permitted in connection with a restaurant business;

C. "College" or "university" means any accredited public or private college, junior college or university, or the recognized student body association thereof insofar as the admission charges received by the college, university, or student body association are budgeted, and applied solely for exhibition, performance, study and/or teaching of the performing arts, visual arts, history or science. It specifically excludes any athletic department or division or unit of the college or university or of the recognized student body association thereof;

D. "Department" means the Department of Executive Administration of the City of Seattle, or its functional successor;

E. "Director" means the Director of Executive Administration of the City of Seattle, or his or her functional successor, and shall include the Director's authorized representative;

F. "Market Price" means the price at which an item is sold and willing to sell and a buyer is ready and willing to buy. Market price is a price that is acceptable to both buyer and seller and which might be different from the listed price;

G. "(DPP)" "Nonprofit organization" means an organization in which no part of the income can be distributed to its members, directors or officers and that holds a current tax exempt status as provided under Sec. 501(c)(3), (4) or (6) of the Internal Revenue Code of 1955, as amended, or is specifically exempted from the requirement to apply for tax exempt status under Sec. 501(c)(3);

H. "(Department)" means the Department of Executive Administration of the City of Seattle, or its functional successor;

I. "(Director)" means the Director of Executive Administration of the City of Seattle, or his or her functional successor, and shall include the Director's authorized representative(s);

Section 2. Section 5.40.020 of the Seattle Municipal Code is hereby amended as follows:

5.40.020 Tax levied.

A. It is unlawful for any person to request a donation or contribution that effectively operates as an admission charge and exempt from the admission tax by an exempt organization pursuant to BMC Chapter 5.40.020. Donations or contributions requested by such organizations that would otherwise be subject to the admission tax pursuant to BMC 5.40.020 shall not be subject to the admission tax if the donor or contributor provides a written statement that such donation or contribution is not requested for admission purposes and is not requested for admission purposes without payment of such donation or contribution and the admission, for all or part, of the admission, or other entertainment, recreation or amusement related to the event, and the statement, contemporaneous with the request, that such donation or contribution is not requested

(B) It is unlawful for any person to request a donation or contribution that operates as an admission charge or fee for the privilege of entering, attending, or remaining in attendance at any theater, dance, amusement or other place of public performance where persons are not admitted or allowed to remain in attendance without payment of such donation or contribution. For purposes of such donation or contribution, the person requesting the donation or contribution shall not be deemed to be requesting the donation or contribution if the person requesting the donation or contribution is not requesting the donation or contribution for the purpose of entering, attending, or remaining in attendance at the event, and the statement, contemporaneous with the request, that such donation or contribution is not requested for admission purposes and is not requested for admission purposes without payment of such donation or contribution and the admission, for all or part, of the admission, or other entertainment, recreation or amusement related to the event, and the statement, contemporaneous with the request, that such donation or contribution is not requested

Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

B. "Director" means the Director of Executive Administration of the City of Seattle, or his or her functional successor, and shall include the Director's authorized representatives.

F. "Market Price" means the price at which a seller is willing to sell and a buyer is willing to buy, the market price is a price that is acceptable to both buyer and seller and which shall be different from the listed price.

(D)(1) "Nonprofit organization" means an organization in which no part of the income can be distributed to the members, directors or officers and that holds a current tax exempt status as provided under Sec. 501(c)(3), (4) or (6) of the Internal Revenue Code of 1986, as amended, or is specifically exempted from the requirement to apply for tax exempt status under Sec. 501(c)(3).

(H. "Department" means the Department of Executive Administration of the City of Seattle or its functional successor).

(I. "Director" means the Director of Executive Administration of the City of Seattle or his or her functional successor and shall include the Director's authorized representatives).

Section 2. Section 5.40.020 of the Seattle Municipal Code is hereby amended as follows:
5.40.020 Tax levied.

J. It is unlawful for any person to request a donation or contribution that either directly or indirectly requests an admission charge. A person who requests a donation or contribution that either directly or indirectly requests an admission charge shall be subject to the admission tax pursuant to SMC 5.40.025 B. (all other provisions of SMC 5.40.025 B. shall apply to the person who requests a donation or contribution that either directly or indirectly requests an admission charge.)

K. The amount subject to admission tax shall include fees, and minimum fees as set by a member for the services of joining or becoming a member of the organization. For purposes of this subsection, "fees" are those amounts or benefits paid by members solely for the maintenance of those persons to continue membership in the organization or club, and initiation fees. An amount paid solely to admit a person as a member to an organization or club and to receive the rights of membership in the organization or club, however, where dues or initiation fees cover costs for services received by the members and no other charges including but not limited to arena fees, entertainment costs, such as cover charges, facility or equipment rental, or charges for food and beverage are imposed for such services, admission taxes will be levied on the portion of the initiation fees that represent the value of those services. In determining the value of those services, comparable charges will be used.

Section 3. Section 5.40.025 of the Seattle Municipal Code is hereby amended as follows:

5.40.025 Tax exemption--Minimum charge--Specific exemptions--Toll-free--Universities--Nonprofit organizations.

A. The admission tax as imposed in SMC Section 5.40.020 shall not apply to anyone paying an admission charge:

1. In the amount of One Dollar and Fifty Cents (\$1.50) or less; or
2. To any activity of any elementary or secondary school as contemplated by RCW 35.21.265; or

3. To any activity of any Parent-Teacher-Student Association (PTSA), Parent-Teacher Association (PTA), or similar organization, provided that the proceeds of the activity are used to benefit an elementary or secondary school; or

4. To the annual Bumbershoot Festival held on Labor Day and the preceding Thursday, Friday, Saturday and Sunday; or

5. To the Woodland Park Zoo; or

6. To the Folklife Festival held on Memorial Day and the preceding Thursday, Friday, Saturday and Sunday; or

7. To the Fremont Fair held annually by the Fremont Public Association; or

8. To an organized athletic event such as tournaments, leagues, and other competitions intended for youth less than 18 years of age, sponsored and held by nonprofit organizations; or

9. To actively participate in bowling or in fast bowling shoes or equipment; or

10. To an event sponsored by a college or university or nonprofit organization, when all of the following three (3) criteria are met:

a. A college or university or nonprofit organization, as both are defined in Section 5.40.010 and registered under Section 5.40.050, that meets one (1) or more of the following criteria:

i. Publicly sponsors and through its members, representatives, or

personnel promotes, publicizes and distributes most of the tickets for admission; or

ii. Publicly sponsors and presents the event at a facility it owns or leases as lessee for a term of not less than one (1) month; or

iii. Publicly sponsors and:

(a). Performs a major portion of the performance; or

(b). Supplies a major portion of the materials on exhibition; or

(c). When the event is part of a season or series of performances or exhibitions, performs the major portion of the performances or exhibitions in the season or series; and

b. The college, university or nonprofit organization receives the use and benefit of admission charges collected; and

c. In the case of a performance, the seating capacity of the location where the event occurs is three thousand one hundred (3,100) people or less, or, in the case of an exhibition, no more than three thousand one hundred (3,100) people are permitted on the premises at any one (1) time.

B. Except as provided in subsections A2, A3, and A5 above, the exemption to the admission tax as provided in subsection (A)(9) of this section shall not apply to:

1. The admission of spectators to an athletic event, including, but not limited to, football, game, basketball, game, or baseball game; or

2. The admission for recreational activities, including, but not limited to, golf, skating, or swimming (piscine) or

3. An event in which a college, university or nonprofit organization lends its name to an endorsement for an ineligible person for the purposes of invoking the tax exemption.

Section 4. Section 5.40.027 of the Seattle Municipal Code is hereby repealed and its substantive provision incorporated into SMC 5.40.025 A.

Section 5. Section 5.40.040 of the Seattle Municipal Code is hereby repealed and its substantive provisions are incorporated into SMC 5.40.010 A7 (See Section 1) and SMC 5.40.020 K (See Section 2).

Section 6. Section 5.40.060 of the Seattle Municipal Code is hereby amended as follows:

5.40.060 Ticket (membership and information) information and sales: (A. To ticket information)

(B. It is unlawful for any person to request a donation or contribution that requests an admission charge or fee for the privilege of entering, attending, or remaining in attendance at any theater, dance, amusement or other place of public performance where persons are not admitted or allowed to remain in attendance without payment of such donation or contribution. No person advertising, inviting, or otherwise soliciting persons to attend the event may state the words "donation accepted" or "donation appreciated." The amount of a "donation" shall not be treated as an invitation, offering, advertising or other literature. Any donation amount requested or requested used in conjunction with the event will be treated as an admission charge subject to tax under this chapter.)

Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 9th day of May, 2005, and signed by me in open session in authentication of its passage this 9th day of May, 2005.

Jan Drago
President of the City Council

Approved by me this 18th day of May, 2005.

Gregory J. Nickels, Mayor

Filed by me this 20th day of May, 2005.

(Seal) Judith Pippin, City Clerk

Publication ordered by JUDITH PIPPIN, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, May 23, 2005.

SP2116603

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Friday, Saturday and Sunday (6); or
To the Fremont Fair held annually by the Fremont Public Association; or
8. To an organized athletic event such as tournaments, leagues, and other competitions intended for youth less than 18 years of age, sponsored and held by non-profit organizations; or
9. To actively participate in bowling or to rent bowling shoes or equipment; or
10. To an event sponsored by a college or university or nonprofit organization, when all of the following three (3) criteria are met:

- a. A college or university or nonprofit organization, as both are defined in Section 5.40.010 and registered under Section 5.40.080, that meets one (1) or more of the following criteria:
 - i. Publicly sponsors and through its members, representatives, or personnel promotes, publicizes and distributes most of the tickets for admission; or
 - ii. Publicly sponsors and presents the event at a facility it owns or leases as lease for a term of not less than one (1) month; or
 - iii. Publicly sponsors and:
 - (a). Performs a major portion of the performance; or
 - (b). Supplies a major portion of the materials on exhibition; or
 - (c). When the event is part of a season or series of performances or exhibitions, performs the major portion of the performances or exhibitions in the season or series; and
- b. The college, university or nonprofit organization receives the use and benefit of admission charge collected; and
- c. In the case of a performance, the seating capacity of the location where the event occurs is three thousand one hundred (3,100) people or less, or, in the case of an exhibition, no more than three thousand one hundred (3,100) people are permitted on the premises at any one (1) time.

B. Except as provided in subsections A2, A6, and A7 above, 1((7)) the exemption to the admission tax as provided in subsection 1((A7)) A10 of this section shall not apply to:

1. The admission of spectators to an athletic event, including, but not limited to, football games, basketball games, or baseball games; or
2. The admission for recreational activities, including, but not limited to, golf, skating, or swimming; (picnicking) or
3. An event in which a college, university or nonprofit organization lends its name to an endorsement for an ineligible person for the purpose of invoking the tax exemption.

Section 4. Section 5.40.027 of the Seattle Municipal Code is hereby repealed and its substantive provision incorporated into SMC 5.40.056 AB.

Section 5. Section 5.40.040 of the Seattle Municipal Code is hereby repealed and its substantive provisions are incorporated into SMC 5.40.010 A7 (See Section 1) and SMC 5.40.020 K (See Section 2).

Section 6. Section 5.40.060 of the Seattle Municipal Code is hereby amended as follows:

5.40.060 Ticket (numbering and information) information and unlawful sale.

((A-Ticket information.))

((3))A. Whenever a charge is made for admission to any place, a serially numbered or reserve seat ticket shall be furnished to the person paying such charge unless written approval has been obtained from the Director to use: (1) a turnstile or other counting device which will accurately count the number of paid admissions, or (2) any method established by administrative rule that determines the number of paid admissions for the purposes of this chapter. The established price, service charge, sales tax, City admission tax and total price at which every (each) admission ticket (or card) is sold shall be separately, conspicuously and indelibly printed or written on the face or back of that part of the ticket which is to be collected by the management of the place to which admission is gained.

((3))B. It shall be unlawful for a promoter, sponsor, vendor, or anyone contractually related to a promoter, sponsor or vendor, to sell an admission ticket or card on which the name of the person conducting the event and the price is not so printed, stamped or written, or to sell or offer to sell an admission ticket or card at a price in excess of the price printed, stamped or written thereon. Ticket sales that occur through a subsequent sale of the ticket(s) by the initial purchaser who purchased the ticket(s) from the promoter, sponsor or vendor, or any subsequent sale of such ticket(s), may be made at market price. No admission tax will be assessed by the City on the price of an admission ticket in a regular market transaction, conducted by the initial purchaser or a subsequent purchaser thereof. However, vendors, and other persons regularly engaged in the business of reselling tickets or admissions, must obtain a business license to do so pursuant to SMC 5.65.050.

For transactions between the promoter, sponsor or vendor and the original purchaser or customer, ((P)) the admission tax due shall be based on the total sum of the established price plus any service charge printed on the ticket. When a charge is made for admission, a sign must be posted in a conspicuous place on the entrance or ticket office which breaks down the admission charge as follows:

Established Price
Service Charge (if any)
Sales Tax
City Admission Tax
Total Price

((It is unlawful to charge a service charge on admission tickets unless the purchaser is fully informed of the purpose of such charge by published or posted notice in advance of the ticket sale.))

((3))C. The Director or his/her designee, who has been commissioned as a Special Police Officer, or the Seattle Police Chief or his/her designee, is authorized to confiscate, seize or otherwise remove from sale, or offered sale, any ticket in violation of or offered for sale or sold in violation of this subsection.